UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/C.5/50/17
2 November 1995

ORIGINAL: ENGLISH

Fiftieth session
FIFTH COMMITTEE
Agenda item 115

PROGRAMME BUDGET FOR THE BIENNIUM 1994-1995

Construction of additional conference facilities at Addis Ababa and Bangkok

Report of the Secretary-General

I. INTRODUCTION

1. At its thirty-ninth session, by resolution 39/236 of 18 December 1984, the General Assembly approved the construction of additional conference facilities at the Economic Commission for Africa (ECA) at Addis Ababa, and a construction project for the expansion of conference facilities at the Economic and Social Commission for Asia and the Pacific (ESCAP) at Bangkok.

2. In accordance with that resolution, annual progress reports have been submitted on both construction projects. The present report reviews the progress on the projects at Addis Ababa and Bangkok since the report that was submitted to the General Assembly at its forty-ninth session (A/C.5/49/9).

II. EXPANSION OF THE CONFERENCE FACILITIES AT THE HEADQUARTERS OF THE ECONOMIC COMMISSION FOR AFRICA AT ADDIS ABABA

A. Status and progress in the implementation of the project

3. As originally approved by the General Assembly in 1984, the construction project was estimated to cost $73,501,000, or 102,085,000 European currency units (ECUs) at the November 1984 exchange rate. However, following the delays detailed in previous reports of the Secretary-General to the General Assembly, international tendering during 1990 resulted in an estimated total cost of $107,576,900 or ECU 78,523,400 for the project at the November 1990 exchange rate.

4. The general status and progress of the project and relevant aspects of the situation in Ethiopia through September 1994 were outlined in the Secretary-General's reports to the General Assembly at its forty-sixth session (A/C.5/46/22), forty-seventh session (A/C.5/47/11), forty-eighth session (A/C.5/48/30), and forty-ninth session (A/C.5/49/9). The principal developments since that time are as follows:

(a) The situation whereby only one shipping line has been accepting commercial shipments from Italy to Assab has continued to prevail, causing delays in the delivery of material, especially through the first half of 1995. Although arrangements by the contractor for advance bookings for the shipment of materials to ensure their regular flow continued to be ineffectual and shipping problems delayed some aspects of the work during most of the past year, the situation is currently improving;

(b) The situation with regard to commercial transport from Assab to Addis Ababa continues to be stable, with the exception of the difficulties experienced by the custom clearances at both Assab and Djibouti before clearance at the point of delivery in Addis Ababa. The introduction of these additional checkpoints created further time delays. However, recent arrangements made by the contractor and appropriate authorities have resulted in improved turn-around time in the delivery of construction materials. For example, the turn-around time - Assab/Addis Ababa/Assab - for road transport of construction material is now only eight days. However, rail transport of sealed containers from Djibouti to Addis Ababa has remained at approximately 14 days.

B. Progress of construction

5. The pace of work has improved from the level reached in 1994, and commencing in the second quarter of 1995, as a result of additional pressure exercised by the Organization and the United Nations consultants, the contractor has increased its production considerably. At this final stage, the contractor has reached its highest production level since the commencement of the construction project, which indicates that over the next five months the production level will increase approximately twofold from previous months.

6. Major civil works were completed at the end of September 1995. Walkway and gate house structures are in the final stages, as well as other civil works (roadworks etc.) inside the boundary of the United Nations. The realignment and construction of the access road network, which are the responsibility of the Government of Ethiopia, have not yet commenced. Installation of mechanical equipment has been completed and the elevator system has been installed and is currently being tested. Since the completion of civil works, the contractor's workforce as of September 1995 was reduced from 1,310 to approximately 700. At this stage of the project, the labour force is mainly involved in final fixing services consisting of finishing trades.

7. In the main building, the final finishes, including carpeting and furniture in the conference rooms, are being installed. The installation of the digital telephone system and related cabling is currently in progress and the expected cut-over date is mid-1996. The north/south car-park is in its final completion

stage. External works and various miscellaneous testings are proceeding. Grass-planting has been completed.

C. Project timetable

8. As a result of various delays, in September 1994 the contractor claimed an extension of time for additional electrical work requested by the United Nations. In December 1994, the contractor again claimed a time extension and indicated a 30-week delay. Written details were requested from the contractor in order to assess the claim. In the meantime the contractor's claim was assessed independently by the United Nations architects/engineers and quantity surveyor, who found that a delay of 12 weeks could be justified. During the last half of March 1995, a high-level team of three experts, including specialists in architectural, construction management, project scheduling, human resource monitoring and time extension analysis, accompanied by a representative of senior management from Headquarters, travelled to Addis Ababa to review and evaluate the situation, and to establish a course of action to ensure the timely completion of the project. On 5 May 1995, the contractor submitted a more detailed written claim for time extension amounting to 291 days (41.6 weeks). Upon review of the claim, the United Nations advised the contractor that a delay of 175 days could be considered if additional information and clarification were provided. At the beginning of September 1995, the Administration at Headquarters scheduled meetings between the United Nations, the United Nations consultants and the contractor to review and assess the status of progress of the construction, accelerate the work, establish a realistic and attainable date to complete the project, and to further review and discuss the contractor's time delay claim.

9. At these meetings, the contractor advised, and the United Nations agreed, that in accordance with his latest timetable the projected completion of the construction project would be in January 1996, with a projected hand-over date of April 1996.

D. Financial aspects

10. As of 31 July 1995, disbursements amounted to $67,447,828. During the past year, despite various measures to compensate for difficulties, the contractor has not been able to increase its administrative activities, including invoicing of accounts to meet the Organization's planned disbursement levels.

11. It will be recalled that the construction contract provides for an extension equal to any force majeure period, plus whatever additional period is required for normal operations to resume under the specific circumstances. The particulars of the contractor's claims for compensation for force majeure and other changed conditions were outlined in paragraph 10 of the Secretary-General's report to the General Assembly at its forty-seventh session (A/C.5/47/11) and paragraphs 2 and 3 of the related report of the Advisory Committee on Administrative and Budgetary Questions (A/47/7/Add.2). Discussions with the contractor on the question of the extension of the construction period resulting from the force majeure period have been concluded satisfactorily and

the resolution of the claims for additional costs owing to changed conditions has been incorporated in an amendment to the construction contract. The settlement of the claims has been fully absorbed within the provisions of the estimates presented in 1990 and has not resulted in any increase in the total estimated project cost of $107,576,900.

12. On 5 May 1995, the contractor submitted a formal request for a further extension of 291 days (41.6 weeks) from 28 March 1995, the official date of completion, to 13 January 1996. In the request, the contractor stated its intention to also make a formal application in respect of financial adjustments/compensation in due course. This claim is based on issues which, in their opinion, had affected the project. Meetings were held at Headquarters in early September with representatives of the United Nations, including representatives of ECA, the contractor, the United Nations consultants and team of experts, to discuss the time delay claim and various other items regarding the progress of the construction project. This claim is currently being assessed in order to determine its validity and possible financial implications. Although there is no basis at this time to anticipate that there would be an increase in the estimated cost of the project, $107,576,900, it cannot be totally discounted.

III. EXPANSION OF THE CONFERENCE FACILITIES OF THE ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC AT BANGKOK

A. Completion of the project

13. The project at Bangkok was resumed in 1988 pursuant to the terms of General Assembly resolution 42/211 of 21 December 1987, on the basis of the scope of facilities originally approved and as reflected in the previously completed plans and specifications. Construction of the new conference centre began in May 1989 and was completed in the first quarter of 1993; the inauguration ceremony was held on 9 April 1993. The maintenance guarantee period ended on 21 March 1994.

14. The United Nations conference centre at Bangkok is considered one of the premier facilities in the region and since its inauguration has been designated as the venue for a number of major conferences, exhibitions and smaller meetings. Utilization of the conference centre continues to exceed the most optimistic expectations, and includes numerous secretariat meetings and seminars, as well as the working groups and monthly meetings of the Advisory Committee of Permanent Representatives and Other Representatives Designated by Members of the Commission (ACPR). In addition to those conferences held in the first eight months of 1994 as detailed in paragraph 15 of the report of the Secretary-General to the General Assembly at its forty-ninth session (A/C.5/49/39), an additional 158 major meetings were held in the last four months of 1994 and a total of 186 major meetings were held in the first six months of 1995. The following is a selection of these major meetings:

1994

September
- Evaluation meeting on the TECHNO-INDOCHINA Congress
- Press conference - Ministerial Conference on Space Applications for Development in Asia and the Pacific
- Preparatory meeting for the Clean Up the World 1994 Campaign

October
- Consultative meeting on environmental resource accounting
- One hundred and eighty-seventh session of ACPR
- Meeting of the National Electronic and Computer Technology Center

November
- Private Education Development Plan for 1995-2010
- Seminar on community-based approaches to drug demand reduction
- HIV/AIDS meetings: bilateral and international agencies

December
- United Nations Development Programme donors briefing
- Expert group meeting on development issues and policies
- Conference on Environment and Development - Asia and the Pacific

1995

January
- Meeting of the Advisory Group on the Construction Project
- One hundred and ninetieth session of ACPR
- Seminar on a new strategy for urban development

February
- Top management seminar on competitiveness/prosperity
- First preparatory meeting for the Sixth Asia-Pacific Trade Fair
- Seminar on regional and provincial education

March
- Expert consultative meeting on Asia-Pacific agricultural trading
- National seminar on helping recovering addicts back to work
- WHO informal donors meeting on AIDS

April
- Feasibility study: earth/space information network
- Meeting on the Greater Mekong subregion tourism sector
- Meeting with Thai officials on the fifty-first session of the Commission
- Special Body on Pacific Island Developing Countries

May	- Environmental impact of coastal development
	- Informal consultations with the Association of South-East Asian Nations (ASEAN) on database development
	- Meeting on celebration of the Fiftieth Anniversary
June	- Inter-agency Task Force on Water for Asia and the Pacific
	- Exhibition on World Environment Day
	- Training workshops for women with disabilities work groups

B. Financial aspects

15. As reported to the General Assembly at its forty-sixth session, the revised project cost of the construction project at Bangkok was estimated at $48,540,000, that is, $4,362,300 (9.87 per cent) over the amount of $44,177,700 approved in principle by the General Assembly in its resolution 39/236. With the approval of the Assembly, this additional requirement was covered by interest earned on the construction-in-progress account during and after the period of suspension, and no additional appropriation was required under the regular budget beyond the amount of $44,177,700 originally approved. In contrast, the current replacement cost of the building is estimated at some $70 million.

16. As reported in document A/C.5/49/9, the final account on the construction of additional conference facilities at ESCAP was to have been submitted to the General Assembly at its fiftieth session. However, it is expected that there will be additional charges against this project for minor retrofit of main vehicular entrance, final finishes, etc. before the exact total project cost is known. It is anticipated, however, that the final project cost will be within the level approved by the General Assembly. As of 31 July 1995, disbursements amounted to $46,384,933, including payments related to the installation of the new telephone system and local area network cabling and other work outside the main construction contract.

IV. CONCLUSION

17. In conclusion, it may be noted that in spite of a two-year suspension of construction activities owing to a force majeure situation in Ethiopia, revised specifications and requirements for communications, local area network cabling, access for the physically disabled, security concerns over the past decade, as well as difficulties encountered in securing the release of the telephone cabling from customs, the project at Addis Ababa is expected to be completed in the early part of 1996.

18. In accordance with General Assembly resolution 39/236, progress reports on the construction projects will continue to be submitted to the General Assembly until construction is completed.